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Reagan Urged To Reorganize U.S. Intelligence

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WASHINGTON, Dec. 7 — President-elect Ronald Reagan's transition team for the Central Intelligence Agency has proposed several sweeping changes in the organization and operations of the nation's intelligence programs, including increased emphasis on covert action abroad, according to Mr. Reagan's advisers.

The aides said that a preliminary report on the C.I.A. was completed late last week and is to be submitted to Mr. Reagan's transition headquarters tomorrow. The panel is headed by J. William Middendorf 2d, former Secretary of the Navy, who is president of Financial General Bankshares, a Washington-based bank holding company.

In addition to calling for an enhanced role and increased financing for covert activities, the report recommends greater attention to counterintelligence to combat what is viewed as a growing threat of Soviet espionage and international terrorism.

• Central Records System

This could be accomplished, the report is said to suggest, through the creation of a central records system that would be used by both the C.I.A. and domestic law-enforcement agencies, including the Federal Bureau of Investigation. Such a move has been resisted by Government officials in the past on the ground that it could pose a threat to the civil liberties of American citizens.

The report, Mr. Reagan's aides added,

also recommends the establishment of a competitive system of intelligence analysis, intended to provoke wider debate on sensitive international issues. Under the proposal, the Central Intelligence Agency would be forced to defend its conclusions against those of other intelligence agencies, such as the Pentagon's Defense Intelligence Agency.

According to several aides, these steps could be taken without legislation. But they added that the proposals, and the transition effort itself, had already prompted deep anxiety and debate within the agencies. Moreover, the wide-ranging debate over the structure of the intelligence bureaus and the quality of intelligence they produce have recently exacerbated long-standing tensions on the Senate Intelligence Committee.

Though Mr. Mittendorf declined to discuss the report, he said in an interview yesterday that he favored a more "aggressive" approach to intelligence and that the report's recommendations were aimed at "increasing the productivity" of the intelligence agencies.

William H. Casey, Mr. Reagan's campaign director, who is a strong prospect for the post of Director of Central Intelligence, is known to hold similar views. However, it is not known whether either Mr. Casey or Mr. Reagan will approve the transition team's recommendations.

The proposals are similar to several contained in a recent report prepared for senior Reagan advisers by the Heritage Foundation, a conservative Washington-based research group. However, the proposals touch on a number of complex issues that have been debated for years by intelligence officials.

Among the most sensitive of the proposals is the call for the competing centers of analysis. Many intelligence experts believe that the idea is good in principle but difficult in practice, as a previ-

ous attempt reflects. Four years ago, a group of outside specialists was asked by George Bush, then Director of Central Intelligence and now Vice President-elect, to appraise Soviet military potential and intentions.

Trouble in the Agencies

The group, known as Team B, concluded that the C.I.A. and other agencies had underestimated the Soviet buildup and that Moscow was bent on achieving strategic superiority. The effort sparked an acrimonious debate in intelligence circles and upset C.I.A. analysts when reports of Team B's conclusions appeared in the press.

Reagan aides contend that under its plan, the competing analyses would be provided not by outsiders but by such other intelligence bureaus as the Defense Intelligence Agency. While the Reagan aides believe that this approach would improve the overall quality of American intelligence, C.I.A. officials maintain that the Pentagon intelligence apparatus is not capable of functioning as an effective counterweight.

Moreover, some intelligence experts contend that competing centers of analysis, as once existed, would overemphasize disagreements among intelligence agencies. The President now receives a consensus view from the Director of Central Intelligence in so-called National Intelligence Estimates, in which disagreements among intelligence bureaus are usually noted only in footnotes.

A Longstanding Debate

The report's recommendation that a "central file" be established to enhance coordination of counter-intelligence activities is likely to be opposed by civil liberties groups. The file would contain data collected on the activities of suspected foreign agents, including their dealings with Americans. Such groups as the American Civil Liberties Union have maintained that this information could violate citizens' privacy rights.

Finally, there has for years been a growing debate over the push for a larger

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